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Market Administrator's

BULLETIN

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Pattern of Milk Use Changing Slightly In 1963; Further Decline In Manufactured Sector In 1964

The Dairy Situation, Economic Research Service, USDA, February, 1964

Data on 1963 milk utilization will not be published until mid-April. However, preliminary data concerning factory production of individual products and sales in urban marketing areas make possible some tentative conclusions.

Since the proportion of milk production sold by farmers is increasing, farm marketings of milk and cream for 1963 probably declined only about $\frac{1}{2}$ billion pounds from 1962, although milk production fell 1.2 billion. This decline in marketings, plus increased off-farm consumption of fluid milk products amounting to about 1.3 billion pounds, made a smaller quantity of milk available for manufacture in 1963 than in 1962. The 1963 gain in total fluid milk sales was the largest year-to-year change since 1956. Use of milk in manufactured dairy products in 1963 was about 3 percent less than in 1962, the first annual decline since 1959. Even though milk use increased for cheese, ice cream, condensed milk, and frozen desserts, reductions of milk used for making butter and evaporated milk were more than offsetting.

Creamery butter manufactured in 1963 amounted to 1,401 million pounds, down 9 percent from 1962, and the first decline since 1959. Production of whole milk, cheese and part skim cheese, at 1,628 million

pounds in 1963, rose 3-percent from 1962 and was only 0.4 percent below the record high of 1961. Output of ice cream was 3 percent greater than in 1962, a record high, while production of evaporated milk was down 3 percent and nonfat dry milk was down 4 percent. Dry whole milk output was a half percent lower.

American cheese output in 1961 was 1,125 million pounds, second largest on record, and 3 percent above 1962. Production of other varieties of whole milk and part skim cheese increased 2 percent to 502 million pounds, a record high. Record highs were established by Italian cheeses and blue mold cheese. Last year's production of 194 million gallons of ice milk, and 787 million pounds of creamed cottage cheese were also new records.

Compared with 1962, regional decreases of creamery butter output varied from 19 percent in the South Atlantic and South Central States to 7 percent in the West North Central and Mountain States. Production declined in the 3 leading States—2 percent in Minnesota, 5 percent in Wisconsin, and 6 percent in Iowa.

Compared with 1962, American cheese production increased in the 2 major producing regions—5 percent in the East North Central States and 8 percent in the West North Central States. It was 1 percent larger in the

Mountain States. Declines occurred in other regions. In Wisconsin, the leading State, output increased 5 percent.

In January, based on weekly production estimates, creamery butter output was down about 3 percent, and American cheese gained nearly 11 percent, compared with January 1963. The percentage change from the same months a year earlier was the smallest for butter since October 1962, but for cheese, was well above the 6 percent increase of the second half of 1963.

The pattern of milk use this year is expected to show some of the same changes that occurred between 1962 and 1963: Butter, nonfat dry milk, and evaporated milk production is expected to decline further, but less than in 1963, as fluid milk and cream, ice cream, and cheese production gain. If milk production differs significantly from current prospects, output of creamery butter and nonfat dry milk—2 products being bought under the USDA price support program—would be most likely to change. Production of these items tends to vary more with fluctuations in milk production than output of other dairy products. Cheddar cheese is also purchased under the price support program, but production of cheese tends to change less than butter, as milk supplies vary.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	.....
Class I (3.5%)	.....
Class II (3.5%)	.....
Class III (3.5%)	.....
Class IV (3.5%)	.....
Producer Butterfat Differential for each one-tenth percent	.....

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	.....
Percent of Producer Butterfat in Class I	.....
Percent of Producer Milk in Class II	.....
Percent of Producer Butterfat in Class II	.....
Percent of Producer Milk in Class III	.....
Percent of Producer Butterfat in Class III	.....
Percent of Producer Milk in Class IV	.....
Percent of Producer Butterfat in Class IV	.....

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	.....
Average Daily Class I Producer Milk	.....
Total Number of Producers	.....
Average Daily Receipts per Producer	.....
Average Butterfat Test	.....
Total Value of Producers Milk at Test	.....
Income per Producer (7 day average)	.....

GROSS CLASS USE (Pounds)

Class I Skim	.....
Class I Butterfat	.....
Class I Milk	.....
Class II Skim	.....
Class II Butterfat	.....
Class II Milk	.....

AVERAGE DAILY SALES (Quarts)

Milk	.....
Buttermilk	.....
Chocolate	.....
Skim	.....
Cream	.....

March 1964	Feb. 1964	March 1963
\$4.01	\$4.11	\$3.95
4.27	4.38	4.11
3.835	3.941	3.702
3.675	3.711	3.663
3.078	3.077	3.063
7.1¢	7.3¢	7.2¢
72.2	74.8	78.6
66.7	68.4	71.6
7.7	8.5	8.4
2.2	2.2	2.3
2.4	1.9	3.5
3.0	2.9	7.6
17.7	14.8	9.5
28.1	26.5	18.5
42,279,621	38,937,438	38,328,637
985,244	1,003,919	972,276
1,339	1,352	1,383
1,019	993	894
3.81	3.86	3.88
\$1,780,392.15	\$1,699,666.37	\$1,615,666.24
\$300.24	\$303.45	\$263.79
29,467,855	28,085,983	29,075,317
1,074,696	1,027,670	1,065,240
30,542,551	29,113,653	30,140,557
3,219,504	3,261,456	3,267,811
34,665	33,169	34,487
3,254,170	3,294,575	3,302,298
321,308	344,180	323,144
4,390	4,514	4,473
16,941	17,880	16,477
11,813	12,087	12,293
7,811	8,361	8,382

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA

★ March, 1955 - '64

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1955.....	24,673,521	3.88	73.4	9.6	8.3	8.7	4.00	4.228	3.828	3.828	3.152	2,110	377
1956.....	26,122,629	3.85	73.1	10.8	8.0	8.1	3.97	4.20	3.80	3.80	3.124	2,069	407
1957.....	24,561,765	3.77	83.6	10.8	2.8	2.8	4.46	4.566	4.166	4.066	3.063	1,918	413
1958.....	25,204,863	3.78	80.9	10.1	3.9	5.1	4.34	4.493	4.093	3.993	3.070	1,833	444
1959.....	24,683,556	3.81	85.2	10.2	1.2	3.4	4.28	4.394	3.994	3.894	2.871	1,687	472
1960.....	28,724,747	3.98	82.5	8.6	2.2	6.7	4.24	4.419	4.019	3.697	2.981	1,704	544
1961.....	31,091,341	3.77	76.2	8.4	1.9	13.5	4.20	4.44	4.04	3.804	3.090	1,459	687
1962.....	34,362,548	3.89	77.2	8.8	3.0	11.0	4.20	4.40	4.011	3.849	3.249	1,328	835
1963.....	38,328,637	3.88	78.6	8.4	3.5	9.5	3.95	4.11	3.702	3.663	3.063	1,383	894
1964.....	42,279,621	3.81	72.2	7.7	2.4	17.7	4.01	4.27	3.835	3.675	3.078	1,339	1,019

Consumption Of Dairy Products Off Farms Increases

The Dairy Situation, Economic Research Service USDA, February, 1964

In 1963, consumption of milk in all dairy products, excluding household use on farms with milk cows, increased about 2 billion pounds, milk equivalent, over 1962. Most of this gain occurred in purchases of milk products from commercial sources. Consumption from CCC donations for welfare distribution increased about 250 million pounds, and an additional 200 million pounds over 1962 went for the national school lunch and special milk program. Military utilization remained about the same. Disappearance on farms using milk continued its long-time decline, falling about a half billion pounds in 1963. This decline results from the continuing decrease in the number of people on dairy farms.

Of the 2-billion-pound gain in off-farm consumption, almost two-thirds occurred in fluid milk and cream. This is the first year since 1956 that

per capita consumption of fluid milk and cream (milk equivalent basis) has not declined. Sharp increases, approximating 9 percent, occurred in sales of skim milk and low fat items, while sales of fluid whole milk increased around 2 percent, and sales of cream items continued their long-time decline.

Consumption of cheese from commercial sources also increased significantly, rising from about 8.3 pounds per person to about 8.6 pounds. The gain occurred entirely in American cheese; consumption of other types showed some decline. CCC donations of cheese for welfare distribution dropped about 12 million pounds from a year earlier. Per capita consumption of ice cream last year rose to 18.2 pounds from 17.9 in 1962. This is the largest gain since 1959 and probably was due to improved general economic conditions, and a declining

retail price for ice cream. Consumption of ice milk continued rapid gains of previous years. Per capita consumption of condensed milk and non-fat dry milk remained about the same as in 1962.

Per capita consumption of butter and evaporated milk continued downward. Butter consumption fell from 7.2 pounds per person in 1962 to 6.9 pounds in 1963, and use of evaporated milk dropped from 10.1 pounds per person to 9.4 pounds. Per capita consumption of dry whole milk went from 0.3 pounds to 0.2 pounds.

Total consumption of all dairy products is expected to increase in 1964, and per capita consumption may change little. In addition to rising population, the expected gain in economic activity and rise in consumer income will aid the growth in consumption.

Feed Prices Continue Higher Than Year Earlier

The Dairy Situation, Economic Research Service USDA, February, 1964

Farmers paid \$35 per ton for alfalfa hay in January, 50 cents higher than December 1963 and \$1.50 higher than a year earlier. The rise from a year earlier resulted from lower stocks of hay on farms January 1 — 3 percent less than last year and 1 percent below the 1958-62 average. Higher hay prices this winter are related to 4 percent smaller 1963

production and 6 percent heavier disappearance during May - December 1963 than a year earlier. Although hay production in 1963 was smaller than in 1962, a larger carryover brought supplies for the 1963 feeding season to about the same level as a year earlier. The national total is favorable, but hay supplies are limited in some areas, and changes

in hay prices differ widely from a year earlier among regions. Alfalfa hay prices received by farmers in January ranged from 4 percent lower than last year's high level in the Middle Atlantic States to 32 percent higher in the West South Central States. Alfalfa hay accounted for 70 percent of the hay fed in dairy reporters herds last season.

Beginning Stocks Down; First Time Since 1960

The Dairy Situation, Economic Research Service USDA, February, 1964

Stocks of dairy products at the beginning of 1964, totaled 9,656 million pounds of milk equivalent, down 24 percent from a year earlier. This was the first decrease in beginning stocks from a year earlier since 1960. It was due mostly to the drop of about 100 million pounds in Government holdings of butter and butter-oil and a fall of about 60 million pounds in Government stocks of American cheese. Commercial holdings of American cheese declined about 28 million pounds in response to sharply increased demand. Commercial stocks of other cheese and evaporated milk also were lower at the beginning of 1964. Total stocks of nonfat dry milk fell from 761 million pounds at the beginning of 1963 to 673 million at the start of 1964, as supplies in Government hands fell from 662 million to 541 million pounds, and commercial holdings declined from 99 million to 81 million pounds.

Reasons for the reduced supplies were: (1) About 2 million pounds more milk was consumed by persons, excluding household use on farms with milk cows, (2) overseas deliveries of butter from USDA stocks increased nearly 6-fold over 1962, amounting to about 180 million pounds,

or about 3.9 billion pounds of milk equivalent, and (3) milk marketed from farms declined about $\frac{1}{2}$ billion pounds. Overseas shipments of non-fat dry milk also rose from 893 million pounds to 1,165 million pounds. Increased exports more than offset increased imports of 928 million pounds milk equivalent in 1963 from 795 million pounds in 1962.

In early 1964, butter stocks continued to decline more rapidly, seasonally, than a year earlier, due to lower creamery butter production and continued higher level overseas shipments. Cheese stocks are declining less rapidly because the increase in production is exceeding growth in commercial demand.

Commercial holdings of all dairy products at the beginning of 1964 were down about 334 million pounds

of milk equivalent from a year earlier. This 9-percent decline reflects mostly lower cheese and evaporated milk stocks. Stocks of butter, condensed milk, and dry whole milk were about the same as a year earlier.

If friendly nations are to be stronger and better customers, they must learn how to do more for themselves. That's why some 2,000 foreign agriculturists are brought here each year, and why another 2,000 who come on their own get special help. The visitors come from around the globe—117 countries last year. This has been happening for 12 years, and some 14,000 have been trained to agriculture alone.

Market Quotations

MARCH
1964

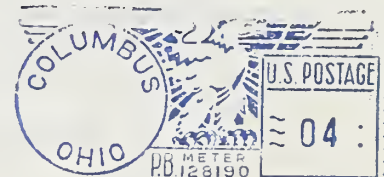
MINNESOTA - WISCONSIN PRICE SERIES	\$3.15
MIDWEST CONDENSERIES 3.5% per Cwt.	3.102
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.128
Average Weekly Cheddars price per lb.	.3419
Average Price per lb. 92-score butter at Chicago	.5797
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.1425

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